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FRANCEOctober 1953

Although it cannot be said that French economy has passed the crisis, some signs of betterment have been noticeable since mid-year and the situation has kept on improving during the Fall. Railroad carloadings and electricity consumption are in excess of last year for the same period. Many industries have seen their orders increased and building is more active. Unemployment is very low and on the wane. On the average, weekly working hours are longer than last year. It would appear that this revival is not merely seasonal. Stocks seem to have decreased and consumers, who up to now had refrained from buying in the hope that prices would drop, have resumed their purchases.

Exports continue disappointing. Nevertheless the trade deficit with the dollar zone is dwindling and at present is almost balanced by invisible exports (tourism, offshore orders, etc.). However, the deficit with the sterling zone shows no sign of diminishing. Imports from the British Commonwealth are far from compensated by exports to Great Britain, hence the large French debit balance with EPU. It is hoped that Great Britain will waive some of the existing restrictions on French imports.

Agriculture is disquieting. Low prices paid to producers lessen the purchasing power of a third of the population. Price support from the government is demanded by farmers in France as well as in the States.

The franc has shown firmness during the whole month despite persistent rumors of devaluation. It is said that the government might cut the official value of the franc by 10%, thus bringing it to the same level as the parallel rate. This should help exports without reacting too much on internal prices. Well-informed circles maintain that such a measure might have been taken earlier had the strike wave of last August been avoided.

Since the Assembly reconvened at the beginning of October, the Laniel Government were able to sustain their point in three difficult debates: the social and economic policy, the agricultural situation and the problem of Indochina. Two trials are still ahead: the Budget and the ratification of the EDC. Forecasts are optimistic for the government. The Assembly, furthermore, is reluctant to face a new crisis in view of the forthcoming presidential election.

France's economy and finances are still far from sound at the beginning of this winter season. The budget remains unbalanced and the drain of the Indo-Chinese war on the country's resources is not likely to stop in the near future. A great effort is still necessary to bring the nation's income in line with its present spending. Edgar Faure, Minister of Finance, said at a private meeting on October 28, that the nation must be "fanatically reasonable". Presumably this remark was meant to be a warning that a further tightening of the belt is necessary.

Paris Representative Office
November 4, 1953

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BANK OF AMERICA
DÜSSELDORF BRANCH
KÖNIGSALLEE 6-8, DÜSSELDORF

C 29840

OVERSEAS BRANCH MANAGER'S MONTHLY REPORT

OCTOBER 1953

Düsseldorf, November 3, 1953

PRIVATE AND CONFIDENTIAL

BRANCH: The Branch showed a profit for October. The figure was better than any monthly figure since the establishment of the Branch.

Standstill debt settlements required much attention of the Manager and Assistant Manager. We are looking forward to normalization of banking relations between the Bank of America organization and the German standstill debtor banks.


Visits of the Manager with banks in Hamburg and its vicinity resulted in the opening of several accounts with Bamerical, San Francisco and London.

ECONOMIC
and

FINANCIAL: The elimination of shortages on most commodity markets is reflected in Germany by the slackening of imports of raw materials. Hamburg and Bremen bankers carefully watch customers' inventories. Grain importations, however, continue at the customary pace.

The result of the generally careful buying policy is a continued accumulation of foreign exchange by Germany as exports continue at a favorable rate. Germany continues to accumulate claims against countries with which it has trade and payment agreements. In the MPU, Germany had a credit balance of \$26.8 million in September, bringing its cumulative credit balance to \$660.7 million. As DM were received by the German suppliers of the goods which resulted in these credit balances, money continues fairly easy. The inflationary impact, which such excess funds could have, ^{was} absorbed largely by savings of the German people; they stand at the highest postwar level. The German press, assisted by the German banks, is waging a campaign to sell the German public the idea of buying shares in private enterprise. Success will depend largely on a thorough revision of corporate tax laws. This appears to have a good chance of becoming law.

POLITICAL: Berlin and Hamburg elected CDU (Adenauer's party) Lord Mayors in place of Reuter (Berlin) who died, and Brauer (Hamburg), a German-American who had given up his American citizenship right after the war in order to serve his native city and country. He will continue to be a member of the Parliament of the old Hanse city. Reuter was and Brauer is a Socialist. The right and left wing parties were crushed in Hamburg. The Socialists, however, now form a strong opposition party.


H. P. Von der Porten
Manager

5th November, 1953.

MONTHLY REPORT OF LONDON BRANCH FOR OCTOBER, 1953.

<u>LOCAL BANK ACTIVITY.</u>	<u>30th September, 1953.</u>	<u>31st October, 1953.</u>
Earning Resources	10,488,740	9,740,117
Acceptances	1,112,180	1,216,338
Due from Banks	752,241	683,896
Advances	6,717,704	6,215,302
Balance Sheet Total	53,220,958	53,875,982
Deposits	10,246,035	9,707,073
Commercial Letters of Credit	1,410,990	1,487,424

During the past month, the following were among the visitors to our London Branch :-

Mr. L.C. Williams, Assistant General Manager, Indian Overseas Bank.

Mr. Heinrich Freiherr von Berenberg-Gossler, Berenberg, Gossler & Co., Hamburg, Germany.

Mr. Michael Clauson, Kristiania Folkebank, Oslo, Norway.

Mr. H.K. Annett, Representative of Credit Commercial de France.

Mr. Tom B. Coughran, Manager, International Banking Dept.

Mr. P.B. Goss, Manager of Bank of America N.Y. & S.A., Auburn Branch, California.

The Ministry of Labour's monthly manpower figures for the end of August show a big decrease in the number of factory workers on short time, a slight decline in unemployment, and increased manpower in all the main employment groups.

A further list of goods of strategic importance which may not be transhipped from the United Kingdom without individual transshipment licences to countries outside the British Commonwealth (except Hong Kong, the United States and the Irish Republic, has been published. All such items are already subject to export licensing control. The Minister of Food announced that it has been decided to abolish the control of canned grapefruit, pineapple and mandarin oranges after the end of this year. No further purchases will be made by the Ministry of Food. A statement about imports in 1954 will be made later.

At a time when steel production in most countries is down, Britain's output continues to soar. In the first nine months of this year production has averaged 334,400 tons per week, 10 per cent up on the corresponding period of 1952.

The national executive of the National Union of Agricultural Workers has been asked to make a further claim for a "substantial increase" in the minimum wage.

Speakers pointed out that while industrial workers' wages averaged £9.5.11. a week, agricultural workers received an average of only £6.13.--. The Trade Unions (representing the workpeople) on the National Joint Industrial Council for the Motor Vehicle Retail and Repairing Trade have put in a claim for a substantial wage increase for men, women and proportionately for juveniles.

U.K. Oil exports rose nearly 50 per cent in the first nine months of 1953, reflecting an increase in refining capacity to 27½ million tons a year.

At a meeting of Organization for European Economic Co-operative Ministers in Paris on October 29th, Mr. Butler, the Chancellor of the Exchequer, stated that U.K. import restrictions would be relaxed to allow 75% of private imports from Member Countries of the Organization to be freed from quantitative control, instead of the present 50%. This step was taken in view of the importance attached to maintaining inter-European trade at the highest possible level.

The United Kingdom received American offshore armament orders totalling \$381,211,000 in the year ended June 30th last, compared with \$68,898,000 in the preceding year, according to a statement from the headquarters of the U.S. European Command.

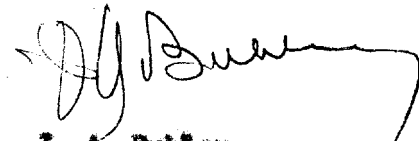
More than 615,000 overseas visitors came to Britain during the first eight months of this year, it is announced by the British Travel and Holidays Association. The Association estimates that by the end of the year tourist arrivals will reach the record figure of 800,000. The earnings, including fare payments to transport undertakings, will be in the region of £12½ million. Foreign currency allowance for tourists is to be increased from £40 to £50 on November 1st, 1953. Eighteen Countries are added to the list of those for which tourist allowances are available. The unlimited allowance for travel in Scandinavian Countries, withdrawn in 1952, will be restored.

In the early days of the month the £ weakened to below 2.90., but made a strong recovery to 2.81 by the end. This appears to have been the result of pushing and market rigging, rather than by a natural supply of \$, although the uncertainty of the Japanese position perhaps creates a general tendency to go short of \$ for safety. The Japanese will have to find \$30,000,000 between 11th November and the end of December to meet their swap commitments, and it is not expected that they will be allowed any further swap facilities.

The Balance of Payments White Paper for the first half of 1953 shows that the overall surplus of £81 million for the period recently announced by the Chancellor of the Exchequer was the product of a deficit of £140 million in merchandise trade, a favourable balance of £166 million in respect of the invisible items and U.S. aid receipts of £55 million. The gold and dollar surplus for October was 34,000,000 dollars (against 17,000,000 dollars in September). The gold and dollar reserves on October 31st totalled 2,520,000,000 dollars.

Exhibitors' share of the box-office receipts at Cinemas are up and gross box-office takings are higher than they were in the corresponding period of last year; British producers took 31 per cent. of rental revenue in the first six months of 1953, compared with 27.6 per cent. in the whole of 1952; the decline in numbers of admissions has been arrested, and exhibitors' share of last such survey in the Sunday opening taken is 4.9 per cent. higher compared with the fourth quarter of 1951. These are the bright newpoints in the Board of Trade's statistical survey for the second quarter of this year, published during the week ended 30th October, 1953. The voluntary scheme for

extension of the British Film Production Fund (the "Bady Fund") beyond July 13th next is to be ratified by the four big film trade associations. A poll recently conducted by the Cinematograph Exhibitors' Association, which had previously withheld support for the proposal, produced declarations of approval from 19 of its branches. Four branches only were in favour of a statutory scheme, and the decisions of two others has not been notified as yet. This agreement refers to arrangements that are expected to yield about £2,300,000 a year.



J. A. Buhler,
Vice President and Manager.